

POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS

1. OBJECTIVE

The Policy is framed in accordance with the requirements of the Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time. The objective of this Policy is to determine materiality of events or information relating to the Company and to ensure that such information is adequately disseminated in pursuance of the Regulations and to provide an overall governance framework for such determination of materiality.

2. DEFINITION

“Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“Board of Directors” or “Board” shall mean the Board of Directors of Prince Pipes and Fittings Limited, as constituted from time to time.

“Company” shall mean Prince Pipes and Fittings Limited.

“Key Managerial Personnel” shall have the same meaning as defined in sub-section (51) of Section 2 of the Act.

“Relevant Employees” shall mean Head of the departments and functions who are responsible for relevant areas of the Company’s operations to which any item of information relates.

“Policy” shall mean this Policy on the criteria for determining Materiality of events or information and as amended from time to time*.

“Schedule” shall mean Schedule III of (Listing Obligations and Disclosure Requirements) Regulations, 2015. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations or any other applicable law or regulation to the extent applicable to the Company.

3. AUTHORITY TO DETERMINE MATERIALITY OF EVENTS

The Policy shall assist the Relevant Employees of the Company in identifying any potential material event or information and report the same to the Managing Director (“MD”) / Chief Financial Officer (“CFO”) of the Company, who has been authorized by the Board of Directors of the Company to determine the materiality of an event or information and for the purpose of making disclosures to stock exchange(s) where the securities of the Company are listed (“Stock Exchanges”).

* On June 14, 2023, SEBI has notified the Listing Regulation vide Second Amendment, 2023 effective from July 14, 2023. Under the said Amendment, SEBI has inter alia modified Regulation 30 of the Listing Regulations that deals with the disclosure of events or information by a listed entity. This Amendment in Regulation 30(4) (i) sets out the criteria for determination of materiality of events/ information specified in Para B of Part A of Schedule III. In view of the aforesaid, this Policy has been amended by the Board of Directors of the Company.

The event / information should be reported immediately after a Relevant Employee becomes aware of it.

On receipt of a communication of a potential material event / information, the CEO/CFO will:

- i. Review the event / information and take necessary steps to verify its accuracy;
- ii. Assess if the event / information is required to be disclosed to the Stock Exchanges under the Regulations under this policy.

If the MD/CFO is not certain about the materiality of any event / information, he may refer matter for external legal advice. The CFO or Company Secretary shall thereafter make necessary disclosures to Stock Exchanges.

4. DISCLOSURE OF EVENTS OR INFORMATION:

- A. As stated above, the events or information specified in Para A of Part A of Schedule III of the Listing Regulations are deemed to be material and shall be disclosed by the Company to the Stock Exchanges, without the application of any materiality thresholds specified in this Policy.
- B. The events or information specified in Para B of Part A of Schedule III of the Listing Regulations shall be disclosed to the Stock Exchanges based on application of the materiality criteria, as laid out in Clause 5 of this Policy.
- C. Any other event or information viz. major development that is likely to affect the business of the Company significantly, in the opinion of the Board of the Company, shall be disclosed to the Stock Exchanges, such as Emergence of new technologies; expiry of patents; any change of accounting policies that may have a significant impact on the accounts of the Company and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.
- D. The Company may make disclosures of event/information as specified by SEBI from time to time.

- E. In case where an event occurs or an information is available with the Company, which has not been indicated in Para A or B of Part A of Schedule III, but which may have material effect on the Company as determined by the Board of the Company or Authorized KMPs in accordance with Clause 5 of this Policy, the Company is required to make adequate disclosures in regard thereof.
- F. In case an event or information is required to be disclosed by the Company in terms of the provisions of Regulation 30 of the Listing Regulations, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the Company shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

5. CRITERIA FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION

The Company shall determine an event or information specified in Para B of Part A of Schedule III of the Listing Regulations to be material if:

- A. the omission of such event or information, is likely to result in discontinuity or alteration of event or information already available publicly; or
- B. the omission of such event or information, is likely to result in significant market reaction if the said omission came to light at a later date; or
- C. the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
- i. 2% (two percent) of turnover, as per the last audited consolidated financial statements of the Company;
 - ii. 2% (two percent) of net worth, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
 - iii. 5% (five percent) of the average of absolute value of profit or loss after tax, as per the last 3 (three) audited consolidated financial statements of the Company.

Where the criteria specified above in sub-clauses 5A, 5B and 5C is not applicable, an event or information may be treated as being material, if in the opinion of the Board of the Company or the Authorised KMPs, the event or information is considered material.

6. TIMELINES FOR DISCLOSURES OF EVENTS OR INFORMATION

The Company shall first disclose to the Stock Exchange(s) all events or information which are material in terms of the provisions of this Policy and Regulation 30 of the Listing Regulations, as soon as reasonably possible and in any case not later than the following:

- a. 30 (thirty) minutes from the closure of the Board meeting in which the decision pertaining to the event or information has been taken;
- b. 12 (twelve) hours from the occurrence of event or information, where the event or information is emanating from within the Company;
- c. 24 (twenty-four) hours from the occurrence of event or information, where the event or information is not emanating from within the Company.

Other disclosures with respect to events for which timelines have been specified in Part A of Schedule III of the Listing Regulations shall be made within such timelines.

In case the disclosure is made after the timelines specified under Regulation 30 of the Listing Regulations, the Company shall, along with such disclosure provide the explanation for the delay.

7. MISCELLENOUS

A. The Company shall make disclosures, updating material developments on a regular basis, till such time the event is resolved / closed, with relevant explanations.

B. All the above disclosures will be hosted on the website of the Company for a minimum period of five years and thereafter archived in accordance with the Company's policy for Preservation and Archival of Documents.

C. The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information. The Company may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).

In the event of any conflict between the terms of this Policy and the Listing Regulations (as amended), the provisions of the Listing Regulations shall prevail.

8. OFFICER RESPONSIBLE

Pursuant to Regulation 30(5) of Listing Regulations, the Board has authorized Managing Director and Chief Financial Officer of the Company (“Authorised KMPs”) for the purpose of determining materiality of an event or information and Company Secretary of the Company for the purpose of making disclosures to Stock Exchange(s) under Regulation 30 and the contact details of such personnel shall be also disclosed to the Stock Exchange(s) and as well as on the Company’s website.

9. COMMUNICATION AND DISSEMINATION OF THE POLICY

For communication and dissemination of the Policy to all the Directors and employees of the Company, a copy of this Policy shall be posted on the website of the Company.

10. AMENDMENTS

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

Effective date of this Policy is July 14, 2023.